

HOUSE BILL 932
By Shepard

AN ACT to amend Tennessee Code Annotated, Title 45, to authorize the organization or re-organization of state-chartered financial institutions as limited liability companies.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Title 45, Chapter 2, Part 2, is amended by adding the following as a new section:

Section 45-2-220. A state-chartered bank or savings bank may be organized or re-organized as a limited liability company.

(a) A state bank, savings and loan association, or savings bank engaged in the business of receiving deposits may be organized or re-organized as a limited liability company (LLC) under this chapter or Title 45, Chapter 3 or Chapter 14. For purposes of Tennessee law, such LLC shall be considered "incorporated" under state law, and therefore eligible for deposit insurance under the Federal Deposit Insurance Act (FDI Act), if the LLC satisfies all the traditional attributes of a corporation:

- (1) perpetual succession;
- (2) centralized management;
- (3) free transferability of interests; and
- (4) limited liability.

(b) The commissioner shall prescribe the form and application procedure of such entity.

(c) For purposes of organizing or re-organizing a bank, savings and loan association or savings bank, the terms used in this title:

- (1) "Corporation" shall include limited liability company;
- (2) "Director" shall include a governor of an LLC;
- (3) "Officer" shall include a manager of an LLC;
- (4) "Person" shall include limited liability company; and
- (5) "Shareholder", in the case of a limited liability company, shall mean an owner.

Section 2. This act shall take effect upon becoming law, the public welfare requiring